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CAMERON PARISH WATERWORKS DISTRICT NO. 11
Grand Lake, Louisiana

ANNUAL FINANCIAL REPORT
AND INDEPENDENT AUDITORS' REPORTS

Year Ended December 31, 2010

Under provisions of state law, this report is a public document. A copy of the report has been submitted to the entity and other appropriate public officials. The report is available for public inspection at the Baton Rouge office of the Legislative Auditor and, where appropriate, at the office of the parish clerk of court.

Release Date 8/31/11

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CAMERON PARISH WATERWORKS DISTRICT NO. 11

Management's Discussion and Analysis

The Management's Discussion and Analysis of the Cameron Parish Waterworks District No. 11 (the District) presents a narrative overview and analysis of the District's financial activities for the year ended December 31, 2010. This document focuses on the current year's activities, resulting changes, and currently known facts in comparison with the prior year's information. Please read this document in conjunction with the additional information contained in the financial statements.

FINANCIAL HIGHLIGHTS

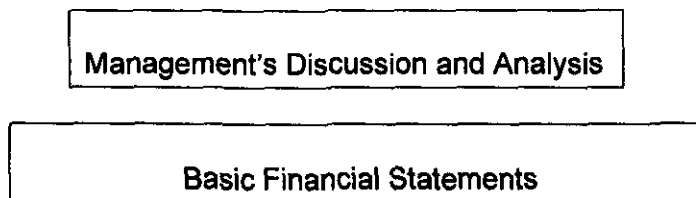
- * The District's assets exceeded its liabilities by \$2,575,232 (net assets).
- * Total net assets are comprised of the following:
 - (1) Capital assets, net of related debt, of \$2,091,144 include property and equipment, net of accumulated depreciation, and reduced for any outstanding debt related to the purchase or construction of capital assets.
 - (2) Restricted for debt service of \$43,023.
 - (3) Unrestricted net assets of \$441,065 represent the portion available to maintain the District's continuing obligations to customers and creditors.
- * Total revenues of \$712,939 were in excess of total expenditures of \$662,352, which resulted in a current year income of \$50,587, compared to the prior year's loss of \$69,515.
- * Total operating revenues increased by \$121,822 from the prior year, mainly from a rate increase in April 2010 and operating expenses increased by \$10,063 from the prior year, mainly from increase in depreciation and decreases in insurance, maintenance and supplies.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Management's Discussion and Analysis

OVERVIEW OF THE FINANCIAL STATEMENTS

The following graphic illustrates the minimum requirements for Special Purpose Governments Engaged in Business-Type Activities established by Governmental Accounting Standards Board Statement 34, Basic Financial Statements and Management's Discussion and Analysis for State and Local Governments.



These financial statements consist of two sections – Management's Discussion and Analysis (this section) and the basic financial statements, including the notes to the financial statements.

BASIC FINANCIAL STATEMENTS

The basic financial statements present information for the District as a whole, in a format designed to make the statements easier for the reader to understand. The statements in this section include the Statement of Net Assets, the Statement of Revenues, Expenses, and Changes in Net Assets, and the Statement of Cash Flows.

The Statement of Net Assets presents the current and long term portions of assets and liabilities separately. The difference between total assets and total liabilities is net assets and may provide a useful indicator of whether the financial position of the District is improving or deteriorating.

The Statement of Revenues, Expenses and Changes in Net Assets presents information showing how the District's assets changed as a result of current year operations. Regardless of when cash is affected, all changes in net assets are reported when the underlying transactions occur. As a result, there are transactions included that will not affect cash until future fiscal periods.

The Statement of Cash Flows presents information showing how the District's cash changed as a result of current year operations. The cash flow statement is prepared using the direct method and includes the reconciliation of operating income (loss) to net cash from operating activities (indirect method) as required by GASB 34.

The notes provided additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements and accompanying notes, this report also presents certain supplementary information concerning the District's budget to actual comparison.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Management's Discussion and Analysis

FINANCIAL ANALYSIS OF THE DISTRICT

Over time, as year-to-year financial information is accumulated on a consistent basis, changes in net assets may be observed and used to discuss the changing financial position of the District as a whole. The District's net assets at fiscal year-end are \$2,575,232. The following table provides a summary of the District's net assets:

	<u>2010</u>	<u>2009</u>
Current assets	\$ 514,636	\$ 398,907
Capital assets	3,488,792	2,641,178
Other assets	<u>23,101</u>	<u>24,143</u>
Total assets	4,026,529	3,064,228
Total liabilities	<u>1,451,297</u>	<u>1,492,286</u>
Net assets:		
Invested capital assets, net of debt	2,091,144	1,206,237
Restricted	43,023	14,674
Unrestricted	<u>441,065</u>	<u>351,031</u>
Total net assets	<u>\$ 2,575,232</u>	<u>\$ 1,571,942</u>

Net assets of the District increased by \$50,587 for the year ended December 31, 2010.

	<u>2010</u>	<u>2009</u>
Operating revenues	\$ 584,288	\$ 462,466
Operating expenses	<u>662,352</u>	<u>652,289</u>
Operating income (loss)	(78,064)	(189,823)
Non-operating revenues (expenses)	<u>128,651</u>	<u>120,308</u>
Net increase (decrease) in net assets	<u>\$ 50,587</u>	<u>\$ (69,515)</u>

The District's operating revenues are derived primarily from fees for water services. The District's operating revenues are insufficient to cover operating expenses and must rely on ad valorem taxes to supplement income.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The District's investment in capital assets, net of accumulated depreciation as of December 31, 2010, was \$3,488,792. See Note C for additional information about changes in capital assets during the fiscal year and outstanding at the end of the year. The following table provides a summary of capital asset activity.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Management's Discussion and Analysis

	<u>2010</u>	<u>2009</u>
Non-depreciable asset:		
Land	\$ 10,000	\$ 10,000
Construction in progress	<u>3,526</u>	<u>-</u>
	13,526	10,000
Depreciable assets:		
Buildings	143,649	143,649
Distribution system	4,755,629	3,778,469
Furniture, Fixtures and equipment	<u>232,422</u>	<u>228,096</u>
Total depreciable assets	5,131,700	4,150,214
Less accumulated depreciation	<u>1,656,434</u>	<u>1,519,036</u>
Book value-depreciable assets	<u>3,475,266</u>	<u>2,631,178</u>
Percentage depreciated	<u>32%</u>	<u>37%</u>
Book value-all assets	<u>\$ 3,488,792</u>	<u>\$ 2,641,178</u>

At December 31, 2010 the depreciable capital assets were 32% depreciated. This compares less than the December 31, 2009 percentage. This comparison indicates that the District replaced its assets at a higher rate than they are depreciating.

The major additions are:

- Ground storage tank, booster pump and distribution lines (donated by police jury)

Debt

At the end of the fiscal year, the District had total bonded debt outstanding of \$1,397,648. This entire amount is backed by the full faith and credit of the District (general obligation bonds) with debt service funded by operations.

During the year, the District retired \$37,293 of debt. See Note D for additional information regarding debt.

ECONOMIC CONDITIONS AFFECTING THE DISTRICT

Since the primary revenue stream for the District is charges for revenue, the District's revenues are subject to changes in the economy.

CONTACTING THE DISTRICT'S MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact James Cox, Manager, 111 Dennis Lane, Bell City, LA 70630.



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

May 12, 2011

Board of Commissioners
Cameron Parish Waterworks District No. 11
Grand Lake, Louisiana

We have audited the financial statements of the Cameron Parish Waterworks District No. 11, a component unit of the Cameron Parish Police Jury, as of and for the year ended December 31, 2010, as listed in the table of contents. These financial statements are the responsibility of the Cameron Parish Waterworks District No. 11's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Cameron Parish Waterworks District No. 11 as of December 31, 2010, and the results of its operations and cash flows for the year then ended in conformity with accounting standards generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 12, 2011 on our consideration of Cameron Parish Waterworks District No. 11's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations and contracts. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Board of Commissioners
Cameron Parish Waterworks District No. 11
May 12, 2011
Page Two

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and supplemental information on pages 3 through 6 and 31 through 33 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Gragson, Casiday & Guillory

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Net Assets

December 31, 2010

	<u>2010</u>	<u>2009</u>
ASSETS		
Current Assets		
Cash	\$ 317,904	\$ 251,155
Receivables		
Ad valorem taxes, net	85,138	79,317
Accounts, net	43,672	26,574
FEMA	-	4,195
Restricted assets		
Bond sinking fund		
Cash	21,201	10
Bond reserve fund		
Cash	11,789	7,332
Bond contingency fund		
Cash	11,789	7,332
Inventory, at cost	<u>23,143</u>	<u>22,992</u>
Total Current Assets	514,636	398,907
Property, plant and equipment		
Buildings	143,649	143,649
Distribution system	4,755,629	3,778,469
Furniture, fixtures and equipment	232,422	228,096
Construction in progress	<u>3,526</u>	<u>-</u>
	5,135,226	4,150,214
Less accumulated depreciation	<u>1,656,434</u>	<u>1,519,036</u>
	3,478,792	2,631,178
Land	<u>10,000</u>	<u>10,000</u>
	3,488,792	2,641,178
Other assets		
Bond issuance costs, net	<u>23,101</u>	<u>24,143</u>
TOTAL ASSETS	<u>\$ 4,026,529</u>	<u>\$ 3,064,228</u>

The accompanying notes are an integral part of these financial statements.

	<u>2010</u>	<u>2009</u>
LIABILITIES AND NET ASSETS		
Current Liabilities		
Accounts payable	\$ 21,805	\$ 33,803
Accrued liabilities	15,119	16,189
Customer deposits	7,175	5,550
Accrued interest	1,756	1,803
Current portion of long-term debt	<u>38,912</u>	<u>37,296</u>
Total current liabilities	84,767	94,641
Long term debt, net of current maturities	1,358,736	1,397,645
Net OPEB obligation	<u>7,794</u>	<u>-</u>
Total liabilities	1,451,297	1,492,286
NET ASSETS		
Investment in capital assets	2,091,144	1,206,237
Restricted for debt service	43,023	14,674
Unrestricted	<u>441,065</u>	<u>351,031</u>
Total net assets	<u>2,575,232</u>	<u>1,571,942</u>
 TOTAL LIABILITIES AND NET ASSETS	 <u>\$ 4,026,529</u>	 <u>\$ 3,064,228</u>

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Revenues, Expenses and Changes in Net Assets

Year Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
OPERATING REVENUES		
Charges for services	\$ 549,643	\$ 425,275
Fees and installation charges	33,915	36,169
Miscellaneous revenue	<u>730</u>	<u>1,022</u>
TOTAL OPERATING REVENUES	584,288	462,466
OPERATING EXPENSES		
Amortization	1,042	1,043
Auto	12,978	10,476
Contract labor	4,350	5,140
Depreciation	139,498	114,824
Dues	275	250
Employee Benefits - OPEB	7,794	-
Equipment rental	11,923	12,290
Insurance - general	1,788	13,429
Insurance - health	41,486	40,991
Interest	60,221	61,641
Maintenance	30,691	43,967
Miscellaneous	-	666
Per diem	2,820	2,820
Postage	6,957	6,177
Printing and publishing	1,967	2,167
Professional fees	4,501	4,000
Retirement	25,824	20,176
Salaries	163,495	163,208
Supplies	85,889	94,943
Taxes and licenses	2,353	2,356
Telephone	9,168	8,866
Training	1,242	890
Travel	284	-
Utilities	<u>45,806</u>	<u>41,969</u>
TOTAL OPERATING EXPENSES	<u>662,352</u>	<u>652,289</u>
OPERATING INCOME (LOSS)	<u>(78,064)</u>	<u>(189,823)</u>

Continued

The accompanying notes are an integral part of these financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Revenues, Expenses
and Changes in Net Assets - Continued

Year Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
NON-OPERATING REVENUES (EXPENSES)		
Ad valorem taxes, net	\$ 86,246	\$ 79,335
Gain on sale of assets	1,350	-
Interest income	197	152
Hurricane related income, net	30,858	31,821
Rent income	<u>10,000</u>	<u>9,000</u>
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>128,651</u>	<u>120,308</u>
CHANGE IN NET ASSETS	50,587	(69,515)
NET ASSETS - BEGINNING	1,571,942	1,641,457
CONTRIBUTED CAPITAL	<u>952,703</u>	<u>-</u>
NET ASSETS - ENDING	<u>\$ 2,575,232</u>	<u>\$ 1,571,942</u>

The accompanying notes are an integral part of these financial statements.

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Cash Flows

Year Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Received from customers and others	\$ 692,866	\$ 460,539
Payments for supplies and expenses	(489,975)	(339,189)
Payments to employees for services	<u>(164,564)</u>	<u>(164,883)</u>
NET CASH FLOWS FROM OPERATING ACTIVITIES	38,327	(43,533)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Ad valorem taxes	86,246	79,335
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Income – Hurricane Ike, net	30,858	31,821
Rental income	10,000	9,000
Purchase of fixed assets	(30,131)	(24,948)
Gain on sale of fixed assets	(1,350)	-
Payments on debt borrowings	<u>(37,293)</u>	<u>(35,838)</u>
NET CASH FROM CAPITAL AND RELATED FINANCING ACTIVITIES	(27,916)	(19,965)
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest on investments	<u>197</u>	<u>152</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	96,854	15,989
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	<u>265,829</u>	<u>249,840</u>
CASH AND CASH EQUIVALENTS AT END OF YEAR	<u>\$ 362,683</u>	<u>\$ 265,829</u>
SUPPLEMENTAL DISCLOSURES:		
Cash paid for interest	<u>\$ 60,268</u>	<u>\$ 61,722</u>
 Schedule of noncash investing and financing transactions:		
Property and plant acquired by donation	<u>\$ 952,703</u>	<u>\$ -</u>

Continued

The accompanying notes are an integral part of these financial statements.

GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Cash Flows - Continued

Year Ended December 31, 2010

	<u>2010</u>	<u>2009</u>
RECONCILIATION OF OPERATING LOSS TO CASH FLOWS FROM OPERATING ACTIVITIES		
Operating income (loss)	\$ (78,064)	\$ (189,823)
Adjustments to reconcile operating income to net cash provided by operating activities		
Amortization	1,042	1,043
Depreciation	139,498	114,824
(Increase) decrease in		
Accounts receivable	(17,098)	(1,927)
Ad valorem taxes receivable	(5,821)	17,410
Inventory	(151)	2,021
Accounts receivable - FEMA	4,195	888
Increase (decrease) in		
Accounts payable	(11,998)	12,711
Accrued liabilities	(1,070)	(680)
OPEB obligation	7,794	-
NET CASH FROM OPERATING ACTIVITIES	<u>\$ 38,327</u>	<u>\$ (43,533)</u>

The accompanying notes are an integral part of these financial statements.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Cameron Parish Waterworks District No. 11 was created by the Cameron Parish Police Jury under the provisions of Louisiana Revised Statutes 33:3811 for the purpose of providing water to the Big Lake/Grand Lake/Sweetlake areas of the Parish. The District is governed by a board of commissioners composed of five members.

1. Reporting Entity

As the governing authority of the parish, for reporting purposes, the Cameron Parish Police Jury is the financial reporting entity for Cameron Parish Waterworks District No. 11. The financial reporting entity consists of (a) the primary government (police jury), (b) organizations for which the primary government is financially accountable, and (c) other organizations for which nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Governmental Accounting Standards Board Statement No. 14 established criteria for determining which component units should be considered part of the Cameron Parish Police Jury for financial reporting purposes. The basic criterion for including a potential component unit within the reporting entity is financial accountability. The GASB has set forth criteria to be considered in determining financial accountability. This criteria includes:

1. Appointing a voting majority of an organization's governing body, and
 - a. The ability of the police jury to impose its will on that organization and/or
 - b. The potential for the organization to provide specific financial benefits to or impose specific financial burdens on the police jury.
2. Organizations for which the police jury does not appoint a voting majority but are fiscally dependent on the police jury.
3. Organizations for which the reporting entity financial statements would be misleading if data of the organization is not included because of the nature or significance of the relationship.

Because the police jury appoints a voting majority to the board and has the ability to impose its will, the District was determined to be a component unit of the Cameron Parish Police Jury, the financial reporting entity. The accompanying financial statements present information only on the funds maintained by the District and do not present information on the police jury, the general government services provided by the governmental unit, or the other governmental units that comprise the financial reporting entity.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

2. Basis of Presentation

The accompanying financial statements of the District have been prepared in conformity with governmental accounting principles generally accepted in the United States of America. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The accompanying financial statements have been prepared in conformity with GASB Statement 34, "Basic Financial Statements and Management's Discussion and Analysis – for State and Local Governments", issued in June 1999.

The financial statements of the District are prepared on the accrual basis of accounting. Whereby revenues are recognized when earned and expenses are recognized when incurred. Under Governmental Accounting Standards Board Statement No. 20, the District has elected to apply Financial Accounting Standards Board provisions issued after November 30, 1989.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The operating revenues of the District come from metered sales to residential and commercial customers as well as service connection charges and penalties from late payment of bills. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

3. Cash

Cash includes amounts in demand deposits and time deposits with original maturities of 90 days or less. Under state law, the District may deposit funds in demand deposits, interest-bearing demand deposits, money market accounts, or time deposits with state banks organized under Louisiana law and national banks having their principal offices in Louisiana.

These deposits are stated at cost, which approximates market. Under state law, these deposits (or the resulting bank balances) must be secured by federal deposit insurance or the pledge of securities owned by the fiscal agent bank. The market value of the pledged securities plus the federal deposit insurance must at all times equal the amount on deposit with the fiscal agent. These securities are held in the name of the pledging fiscal agent bank in a holding or custodial bank that is mutually acceptable to both parties. At December 31, 2010, the District has \$363,990 in deposits (collected bank balances). These deposits are secured from risk by \$250,005 of federal deposit insurance and \$113,985 of pledged securities held by the custodial bank in the name of the fiscal agent bank.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

4. Accounts Receivable

Aging of Accounts Receivable, net, as of December 31, 2010 are as follows:

<u>0-30</u> <u>Days</u>	<u>31-60</u> <u>Days</u>	<u>61-90</u> <u>Days</u>	<u>over 90</u> <u>Days</u>	<u>Total</u>
\$ 43,672	\$ -	\$ -	\$ -	\$ 43,672

The District utilizes the allowance method to recognize doubtful accounts. The allowance for doubtful accounts at December 31, 2010 was \$19,711.

There appears to be concentration of credit risk with regard to general accounts receivable and more specifically accounts receivable for water user fees. The District's ability to collect the amounts due from the users of the District water system and others (as reflected on the financial statements) may be affected by significant economic fluctuations, natural disasters or other calamity in this one concentrated geographic location.

5. Inventory

Inventory is valued at cost using the first-in/first-out (FIFO) method. The costs of inventories are recorded as expenditures when consumed rather than when purchased.

6. Bond Issuance Costs

Bond issuance costs of \$25,707 were capitalized and are being amortized over the term of the original bond issue using the straight-line method. Amortization expense was \$1,042 for the year ended December 31, 2010.

7. Compensated Absences

The District has the following policy relating to vacation and sick leave:

Vacation – 5-25 days per year depending on length of service

Sick Leave – 12-18 days per year, depending on length of service

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

The District's recognition and measurement criteria for compensated absences follows:

GASB Statement No. 16 provides that vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met:

- a. The employees' rights to receive compensation are attributable to services already rendered.
- b. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

GASB Statement No. 16 also provides that a liability for sick leave should be accrued using one of the following termination approaches:

- a. An accrual for earned sick leave should be made only to the extent it is probable that the benefits will result in termination payments, rather than be taken as absences due to illness or other contingencies, such as medical appointments and funerals.
- b. Alternatively, a governmental entity should estimate its accrued sick leave liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future to receive such payments.

At December 31, 2010, the District had an accrual for compensated absences of \$9,640.

8. Statement of Cash Flow

For purpose of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less when purchased to be cash equivalents. The statement reflects ending cash and cash equivalents of \$362,683 which represents unrestricted amounts of \$317,904 and restricted amounts of \$44,779.

9. Budgets

An enterprise fund budget is adopted on a basis consistent with accounting principles generally accepted in the United States of America. All annual appropriations lapse at fiscal year end.

On or before the last meeting of each year, the budget is prepared by function and activity, and includes information on the past year, current year estimates and requested appropriations for the next fiscal year.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

The proposed budget is presented to the government's Board of Commissioners for review. The board holds a public hearing and may add to, subtract from or change appropriations, but may not change the form of the budget.

Expenditures may not legally exceed budgeted appropriations at the activity level.

10. Net Assets

In the financial statements, equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – Consist of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on use either by (1) external groups such as creditors, grantors, contributors, laws or regulation of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net or related debt".

11. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

12. Subsequent Events

Management has evaluated subsequent events through May 12, 2011, the date the financial statements were available to be issued.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – CONTINUED

13. Comparative Data

Comparative totals for the prior have been presented in the accompanying financial statements in order to provide an understanding of changes in the District's financial position and operations.

NOTE B – AD VALOREM TAXES

For the year ended December 31, 2010, taxes of 4.49 mills were levied on property with taxable assessed valuations totaling \$19,604,830.

Total taxes levied were	<u>\$ 88,026</u>
-------------------------	-------------------------

Property tax millage rates are adopted in July for the calendar year in which the taxes are levied and recorded. All taxes are due and collectible when the assessment rolls are filed on or before November 15th of the current year, and become delinquent after December 31st. Property taxes not paid by the end of February are subject to lien.

The millage expires in 2011 and is up for public vote for a ten year renewal effective 2012.

NOTE C – PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment are valued at historical cost. The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related assets, as applicable.

Depreciation has been provided over the estimated useful lives of the assets using the straight-line method. The estimated useful lives are as follows:

Buildings	40 years
Distribution system	40 years
Furniture, fixture and equipment	5-10 years

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE C – PROPERTY, PLANT AND EQUIPMENT - CONTINUED

A summary of changes in property, plant and equipment for the year ended December 31, 2010 are as follows:

	<u>Beginning of Year</u>	<u>Net Additions</u>	<u>End of Year</u>
Buildings	\$ 143,649	\$ -	\$ 143,649
Distribution system	3,778,469	977,160	4,755,629
Equipment and furniture	228,096	4,326	232,422
Construction in progress	-	3,526	3,526
Land	<u>10,000</u>	<u>-</u>	<u>10,000</u>
	4,160,214	<u>\$ 985,012</u>	5,145,226
Less accumulated depreciation	<u>1,519,036</u>		<u>1,656,434</u>
TOTALS	<u>\$ 2,641,178</u>		<u>\$ 3,488,792</u>

Depreciation expense was \$139,498 for the year ended December 31, 2010.

The construction in progress at December 31, 2010 consisted of the following:

<u>Project</u>	<u>Costs Through December 31, 2010</u>	<u>Estimated Remaining Costs to Complete</u>
Hackett's Road line Extension	\$ 3,526	\$ 5,260

NOTE D – LONG-TERM DEBT

The following is a summary of bond transactions of the District for the year ended December 31, 2010.

Bonds payable, beginning	\$ 1,434,941
Bonds issued	-
Bonds retired	<u>(37,293)</u>
Bonds payable, ending	<u>\$ 1,397,648</u>

Bonds payable at December 31, 2010 is comprised of the following individual issue:

Revenue Bonds:	
\$1,488,000 Revenue Bonds dated June 20, 2008 due in monthly installments of \$8,130 through January 20, 2033; interest at 4.25%	\$ 1,397,648
Less currently payable	<u>(38,912)</u>
Total long-term debt	<u>\$ 1,358,736</u>

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE D – LONG-TERM DEBT - CONTINUED

The annual requirements to amortize all debts outstanding as of December 31, 2010 are as follows:

Year ending December 31,	Principal	Interest
2011	\$ 38,912	\$ 58,648
2012	40,599	56,961
2013	42,358	55,202
2014	44,194	53,366
2015	46,109	51,451
Thereafter	1,185,476	485,291

The revenue bonds are to be retired from revenues derived from the operations of the District.

NOTE E – COMPONENTS OF RESTRICTED NET ASSETS

	Revenue Bond Sinking	Revenue Bond Reserve	Revenue Bond Contingency	Totals
Cash	<u>\$ 21,201</u>	<u>\$ 11,789</u>	<u>\$ 11,789</u>	<u>\$ 44,779</u>

Certain proceeds of revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The "bond sinking" account is used to segregate resources accumulated for debt service payments over the next twelve months. The "bond reserve" account is used to report resources set aside to make up potential future deficiencies in the revenue bond sinking account. The "bond contingency" account is used to report resources set aside to meet unexpected contingencies or to fund asset renewals and replacements.

The amount of net assets reserved for debt service is detailed as follows:

Restricted assets: revenue bond sinking, contingency and debt service funds	\$ 44,779
Less:	
Accrued interest, payable from restricted assets	1,756
Net assets reserved for debt service	<u>\$ 43,023</u>

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE F - RETIREMENT COMMITMENTS

The District participates in a state-administered cost-sharing multiple-employer retirement systems, which together cover substantially all of the District's full-time employees. Although separately administered by their respective boards of trustees, these systems are established and regulated by acts of the Louisiana Legislature with respect to membership and contribution requirements, plan benefits, and actuarial determination of funding requirements as provided by the state constitution. Additional disclosures with respect to the District's participation in these systems are provided below.

Parochial Employees' Retirement System

The System is composed of two district plans, Plan A and Plan B with separate assets and benefit provisions. Employees of the District are members of Plan A. Membership is mandatory as a condition of employment beginning on the date employed if the employee is on a permanent basis working at least twenty-eight hours per week, not participating in another public funded retirement system and under age fifty-five (55) at date of employment. Those individuals paid jointly by a participating employer and the parish are not eligible for membership in the system. Under Plan A, employees who retire at or after age 60 with at least 10 years of credited services, at or after age 55 with 25 years of credited service, or at any age with 30 or more years of creditable service are entitled to a retirement benefit, payable monthly for life, equal to 3 percent of their final compensation multiplied by the employee's years of credited service. Final compensation is the employee's monthly earnings during the 36 consecutive or jointed months that produce the highest average. The System also provides death and disability benefits. Benefits are established by state statute.

The Parochial Employees' Retirement System of Louisiana issues a publicly available financial report that includes financial statements and required supplemental information. That report may be obtained by writing to Parochial Employees' Retirement System of Louisiana, P.O. Box 14619, Baton Rouge, LA 70898.

Plan members are required to contribute 9.5% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 15.75% of annual covered payroll. The contribution requirements of plan members and the District are established and may be amended by the System's Board of Trustees. The District's contributions to the System for the year ended December 31, 2010 totaled \$25,824.

NOTE G - PER DIEM

In accordance with Louisiana Revised Statute 33:3819, per diem is allowed not to exceed \$60 per meeting attended, up to twenty-four regular meetings and twelve special meetings. The Board has approved per diem at \$60.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE G – PER DIEM - CONTINUED

Per diem paid commissioners for the year ended December 31, 2010 were as follows:

Tim Fontenot, term expires December 2014	\$ 660
Jerry Goos, former commissioner	60
Jeffrey Jouett, term expires April 2011	480
Phillip Precht, term expires April 2011	300
Gerald Richard, term expires March 2011	600
Grace Robideaux, term expires October 2012	<u>720</u>
	<u>\$ 2,820</u>

NOTE H - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District maintains commercial insurance coverage covering each of those risks of loss. Management believes such coverage is sufficient to preclude any significant uninsured losses to the District. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

NOTE I – JOINT SERVICE AGREEMENT

The District has entered into a joint service agreement with the Lake Charles Regional Airport for a term of twenty-five years to lease the land and water tower as part of the "Airport Well and Line Project". The agreement became effective May 2006. At June 2011, the District will pay to the airport a fee of \$1 per month for five years for each Calcasieu Parish customer, not to exceed \$500 per month. In addition, starting June 2011, the District will pay \$9,600 per year for five years to the airport.

NOTE J – CONTINGENCIES

In September 2008 Hurricane Ike struck Southwest Louisiana causing damage to the District's property and its infrastructure. Through December 31, 2010, all Hurricane related expenses/costs have been paid and/or accounted for.

At December 31, 2010 the statement of revenues, expenses and charges in net assets is reporting Hurricane related income, net \$30,858 representing FEMA reimbursements of \$30,858 and hurricane related expenses of \$0.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE K – SCHEDULE OF INSURANCE COVERAGE

The schedule of insurance coverage as of December 31, 2010 is as follows:

	<u>Limits</u>	<u>Expiration Date</u>
Automobile liability	\$1,000,000 bodily injury and physical damage	September 15, 2011
Commercial general liability	\$1,000,000 per occurrence-bodily injury and physical damage	September 15, 2011
Commercial property	\$130,000 building & contents	March 1, 2011
Equipment	\$90,000, as listed	March 1, 2011
Surety bond	\$10,000	September 15, 2011
Errors & Omissions	\$10,000	September 15, 2011
Workers compensation	\$1,000,000	September 15, 2011

NOTE L – SCHEDULE OF RATES AND NUMBER OF CUSTOMERS

At December 31, 2010, the number of customers were as follows:

Residential - 1,598
Commercial - 63

The schedule of rates is as follows:

Standard rate	\$11.00, first 2,000 gallons \$3.00 per 1,000 gallons thereafter \$2.70 debt service fee
Senior rate	\$6.00, first 2,000 gallons \$3.00 per 1,000 gallons thereafter \$2.70 debt service fee
Calcasieu Parish	\$19.00, first 2,000 gallons \$3.00 per 1,000 gallons thereafter \$2.70 debt service fee

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE M – POST-EMPLOYMENT BENEFITS

Plan Description. The Cameron Parish Waterworks District No. 11's medical benefits are provided through a comprehensive medical plan and are made available to employees upon actual retirement.

Effective with the year ended December 31, 2009, the Cameron Parish Waterworks District No. 11 implemented Government Accounting Standards Board Statement Number 45, *Accounting and Financial Reporting by Employers for Post Employment Benefits Other than Pensions* (GASB 45). This statement has been implemented prospectively. Using this method, the beginning OPEB liability is set at zero and the actuarially determined OPEB liability relative to past service (prior to January 1, 2009) will be amortized and recognized as an expense over thirty years.

Most employees are covered by the Parochial Employees' Retirement System of Louisiana, whose retirement eligibility (D.R.O.P entry) provision are as follows: 30 years of service at any age; age 55 and 25 years of service; age 60 and 10 years of service; or, age 65 and 7 years of service. For employees hired on and after January 1, 2009, retirement eligibility (D.R.O.P. entry) provisions are as follows: age 55 and 30 years of service; age 62 and 10 years of service; or, age 67 and 7 years of service. For the few employees not covered by that system, the same retirement eligibility has been assumed. Complete plan provisions are included in the official plan documents.

Contribution Rates. Employees do not contribute to their post employment benefits costs until they become retirees and begin receiving those benefits. The plan provisions and contribution rates are contained in the official plan documents.

Fund Policy. Until 2009, the Cameron Parish Waterworks District No. 11 recognized the cost of providing post-employment medical benefits (the Cameron Parish Waterworks District No. 11's portion of the retiree medical benefit premiums) as an expense when the benefit premiums were due and thus financed the cost of the post-employment benefits on a pay-as-you-go basis. In 2009, the Cameron Parish Waterworks District No. 11's portion of health care funding cost for retired employees totaled \$0.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE M – POST-EMPLOYMENT BENEFITS - CONTINUED

Annual Required Contribution. The Cameron Parish Waterworks District No. 11's Annual Required Contribution (ARC) is an amount actuarially determined in accordance with GASB 45. The Annual Required Contribution (ARC) is the sum of the Normal Cost plus the contribution to amortize the Actuarial Accrued Liability (AAL). A level dollar, closed amortization period of 30 years (the maximum amortization period allowed by GASB 43/45) has been used for the post-employment benefits. The total ARC for the fiscal year is \$3,897, as set forth below:

	<u>Medical</u>
Normal Cost	\$ 2,995
30-year UAL amortization amount	902
Annual required contribution (ARC)	<u>\$ 3,897</u>

Net Post-employment Benefit Obligation. The table below shows the Cameron Parish Waterworks District No. 11's Net Other Post-employment Benefit (OPEB) Obligation for fiscal year ending December 31, 2010:

	<u>Medical</u>
Annual required contribution	\$ 3,897
Interest on Net OPEB Obligation	-
ARC Adjustment	-
Annual OPEB Cost	3,897
Contributions made	-
Increase in Net OPEB Obligation	3,897
Beginning Net OPEB Obligation	3,897
Ending Net OPEB Obligation	<u>\$ 7,794</u>

The following table shows the Cameron Parish Waterworks District No. 11's annual post employment benefits (PEB) cost, percentage of the cost contributed, and the net unfunded post employment benefits (PEB) liability:

Post Employment Benefit	Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual Cost Contributed	Net OPEB Obligation
Medical	December 31, 2010	\$ 3,897	0.0%	\$ 23,399

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE M – POST-EMPLOYMENT BENEFITS - CONTINUED

Funded Status and Funding Progress. In the fiscal year ending December 31, 2010, the Cameron Parish Waterworks District No. 11 made no contributions to its post employment benefits plan. The plan was not funded at all, has no assets, and hence has a funded ration of zero. As of January 1, 2009, the first and most recent actuarial valuation, the Actuarial Accrued Liability (AAL) was \$15,605, which is defined as that portion, as determined by a particular actuarial cost method (the Cameron Parish Waterworks District No. 11 uses the Unit Credit Cost Method), of the actuarial present value of post employment plan benefits and expenses which is not provided by normal cost. Since the plan was not funded in fiscal year 2010, the entire actuarial accrued liability of \$23,399 was unfunded.

	<u>Medical</u>
Actuarial Accrued Liability (AAL)	\$ 23,399
Actuarial Value of Plan Assets	-
Unfunded Act. Accrued Liability (UAAL)	<u>23,399</u>
Funded Ration (Act. Val. Assets/AAL)	.00%
Covered Payroll (active Plan members)	\$ 163,495
UAAL as a percentage of covered payroll	14%

Actuarial Methods and Assumptions. Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. The actuarial valuation for post employment benefits includes estimates and assumptions regarding (1) turnover rate; (2) retirement rate; (3) health care cost trend rate; (4) mortality rate; (5) discount rate (investment return assumption); and (6) the period to which the costs apply (past, current, or future years of service by employees). Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

The actuarial calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the Cameron Parish Waterworks District No. 11 and its employee plan members) at the time of the valuation and on the pattern of sharing costs between the Cameron Parish Waterworks District No. 11 and its plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations on the pattern of cost sharing between the Cameron Parish Waterworks District No. 11 and plan members in the future. Consistent with the long-term perspective of actuarial calculations, the actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial liabilities and the actuarial value of assets.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE M – POST-EMPLOYMENT BENEFITS – CONTINUED

Actuarial Cost Method. The ARC is determined using the United Credit Cost Method. The employer portion of the cost for retiree medical care in each future year is determined by projecting the current cost levels using the healthcare cost trend rate and discounting this projected amount to the valuation date using the other described pertinent actuarial assumptions, including the investment return assumption (discount rate), mortality, and turnover.

Actuarial Value of Plan Assets. Since this is the first actuarial valuation, there are not any assets. It is anticipated that in future valuations, should funding take place, a smoothed market value consistent with Actuarial Standards Board ASOP 6, as provided in paragraph number 125 of GASB Statement 45 will be used.

Turnover Rate. An age-related turnover scale based on actual experience as described by administrative staff has been used. The rates, when applied to the active employee census, produce an annual turnover of approximately 5%. The rates for each age are below.

<u>Age</u>	<u>Percent Turnover</u>
18-25	10.0%
26-40	6.0%
41-54	5.0%
55+	4.0%

Post employment Benefit Plan Eligibility Requirements. Based on past experience, it has been assumed that entitlement to benefits will commence three years after eligibility to enter the D.R.O.P. Medical benefits are provided to employees upon actual retirement.

Investment Return Assumption (Discount Rate). GASB Statement 45 states that the investment return assumption should be the estimated long-term investment yield on the investments that are expected to be used to finance the payment of benefits (that is, for a plan which is funded). Based on the assumption that the ARC will not be funded, a 4% annual investment return has been used in this valuation. This is a conservative estimate of the expected long term return of a balanced and conservative investment portfolio under professional management.

Health Care Cost Trend Rate. Because the employer provided medical cost of retirees is limited to a flat \$150 per month, we have assumed a flat 3% annual "trend" as the expected rate of increase in medical cost assuming general inflation will cause the flat amount to increase. Conventional medical trend factors have not been used.

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Notes to Financial Statements

December 31, 2010

NOTE M – POST-EMPLOYMENT BENEFITS – CONTINUED

Mortality Rate. The 1994 Group Annuity Reserving (94GAR) table, projected to 2002, based on a fixed blend of 50% of the unloaded male mortality rates and 50% of the unloaded female mortality rates, is used. This is the mortality table which the IRS requires to be used in determining the value of accrued benefits in defined benefit pension plans.

Method of Determining Value of Benefits. The "value of benefits" has been assumed to be the portion of the premium after retirement date expected to be paid by the employer for each retiree and has been used as the basis for calculating the actuarial present value of OPEB benefits to be paid. The employer pays a flat \$150 per month of the cost of the medical and life insurance combined for the retirees only (not dependents). Because of the combined nature of the flat monthly employer payment, we have valued only the medical benefits.

CAMERON PARISH WATERWORKS DISTRICT NO. 11

**Statement of Revenues, Expenses and Changes in
Net Assets - Budget and Actual**

Year Ended December 31, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
OPERATING REVENUES			
Charges for services	\$ 557,800	\$ 549,643	\$ (8,157)
Fees and installments charges	39,700	33,915	(5,785)
Miscellaneous revenue	<u>1,000</u>	<u>730</u>	<u>(270)</u>
TOTAL OPERATING REVENUES	598,500	584,288	(14,212)
OPERATING EXPENSES			
Amortization	-	1,042	(1,042)
Auto	10,500	12,978	(2,478)
Contract labor	5,000	4,350	650
Depreciation	110,000	139,498	(29,498)
Dues	250	275	(25)
Employee benefits - OPEB	-	7,794	(7,794)
Equipment rental	11,500	11,923	(423)
Insurance - general	15,000	1,788	13,212
Insurance - health	40,650	41,486	(836)
Interest	61,200	60,221	979
Maintenance	43,000	30,691	12,309
Miscellaneous	810	-	810
Per diem	3,600	2,820	780
Postage	6,000	6,957	(957)
Printing and publishing	2,200	1,967	233
Professional fees	4,000	4,501	(501)
Retirement	20,200	25,824	(5,624)
Salaries	165,500	163,495	2,005
Supplies	85,750	85,889	(139)
Taxes and licenses	2,350	2,353	(3)
Telephone	8,900	9,168	(268)
Training	-	1,242	(1,242)
Travel	500	284	216
Utilities	<u>44,000</u>	<u>45,806</u>	<u>(1,806)</u>
TOTAL OPERATING EXPENSES	<u>640,910</u>	<u>662,352</u>	<u>(21,442)</u>
OPERATING INCOME (LOSS)	(42,410)	(78,064)	(35,654)

Continued

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Statement of Revenues, Expenses and Changes in
Net Assets - Budget and Actual - Continued

Year Ended December 31, 2010

	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
NON-OPERATING REVENUES (EXPENSES)			
Ad valorem taxes	\$ 79,614	\$ 86,246	\$ 6,632
Interest income	125	197	72
Hurricane related income, net	-	30,858	30,858
Rent income	9,000	10,000	1,000
Gain on sale of assets	-	1,350	1,350
TOTAL NON-OPERATING REVENUES (EXPENSES)	<u>88,739</u>	<u>128,651</u>	<u>39,912</u>
CHANGE IN NET ASSETS	46,329	50,587	4,258
NET ASSETS – BEGINNING	1,571,942	1,571,942	-
CONTRIBUTED CAPITAL	-	952,703	952,703
NET ASSETS – ENDING	<u>\$ 1,618,271</u>	<u>\$ 2,575,232</u>	<u>\$ 956,961</u>

CAMERON PARISH WATERWORKS DISTRICT NO. 11
Lake Charles, Louisiana

Employee Health Care Plan

December 31, 2010

Schedule of Funding Progress (Unaudited)

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Unfunded Actuarial Accrued Liability (UAAL)</u>	<u>Funded Ratio</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
December 31, 2009	\$ 0	\$ 19,502	\$ 19,502	0.00%	\$ 163,208	12%
December 31, 2010	\$ 0	\$ 23,399	\$ 23,399	0.00%	\$ 163,495	14%

Note:

Generally accepted governmental accounting principles (GASB Codification Po50.131-132) required that the schedule present information from the last three actuarial valuations. Because the requirements of GASB 45 were implemented starting with the year ended December 31, 2009, only two years are available. Additional information will be added after the next valuation. Subsequent to that, information will be presented for the latest three valuations.



GRAGSON, CASIDAY & GUILLORY, L.L.P.
CERTIFIED PUBLIC ACCOUNTANTS

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL
REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

May 12, 2011

Board of Commissioners
Cameron Parish Waterworks District No. 11
Grand Lake, Louisiana

We have audited the financial statements of the Cameron Parish Waterworks District No. 11, as of and for the year ended December 31, 2010, and have issued our report thereon dated May 12, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cameron Parish Waterworks District No. 11's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cameron Parish Waterworks District No. 11's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts.

However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of management and the Board of Commissioners and is not intended to be and should not be used by anyone other than these specified parties. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Dragsen, Casiday & Guillory

CAMERON PARISH WATERWORKS DISTRICT NO. 11

Schedule of Findings and Questioned Costs

Year Ended December 31, 2010

1. Summary of Auditors' Results:

Type of auditors' report issued: unqualified

Internal control over financial reporting:

- Material weaknesses(es) identified? _____ yes X no
- Control deficiencies identified that are not considered to be material weakness(es)? _____ yes X none reported

Noncompliance material to financial statements noted?

_____ yes X no

2. Findings Relating to the Financial Statements Which Are Required to be Reported in Accordance with Generally Accepted Governmental Auditing Standards

None

3. Findings and Questioned Costs for Federal Awards

N/A

4. Prior Year Findings

Finding 2009-01:

The District failed to comply with the bond issue's sinking fund deposit requirements.

Corrective Action Taken: Satisfactorily corrected.